



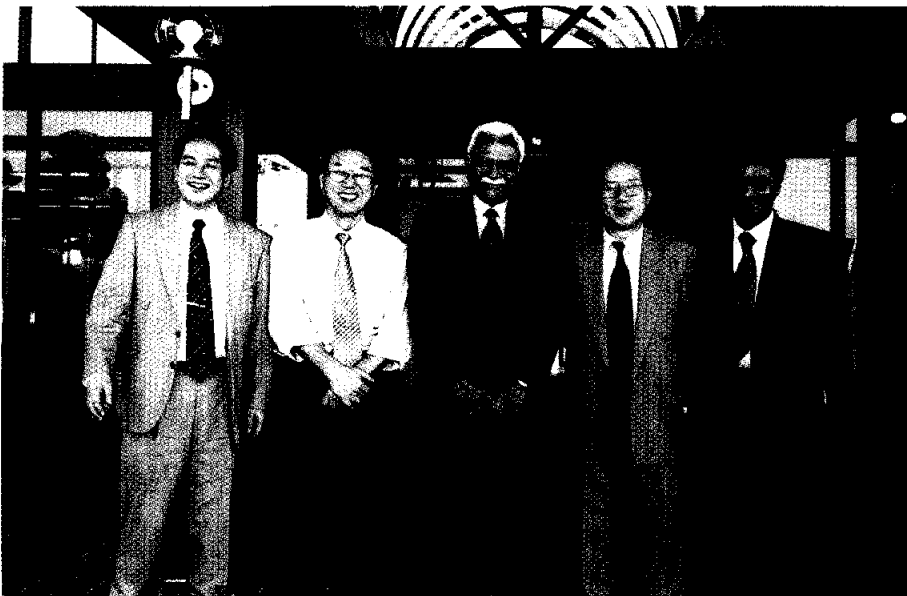
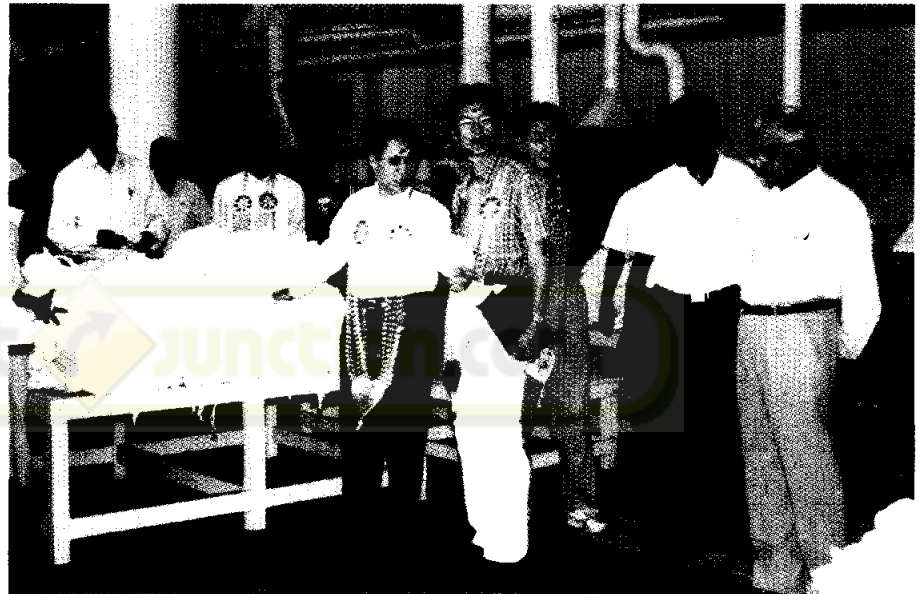
**RAJAPALAYAM
MILLS
LIMITED**
RAJAPALAIYAM

Annual Report and Accounts for the year ended 31st March 2001



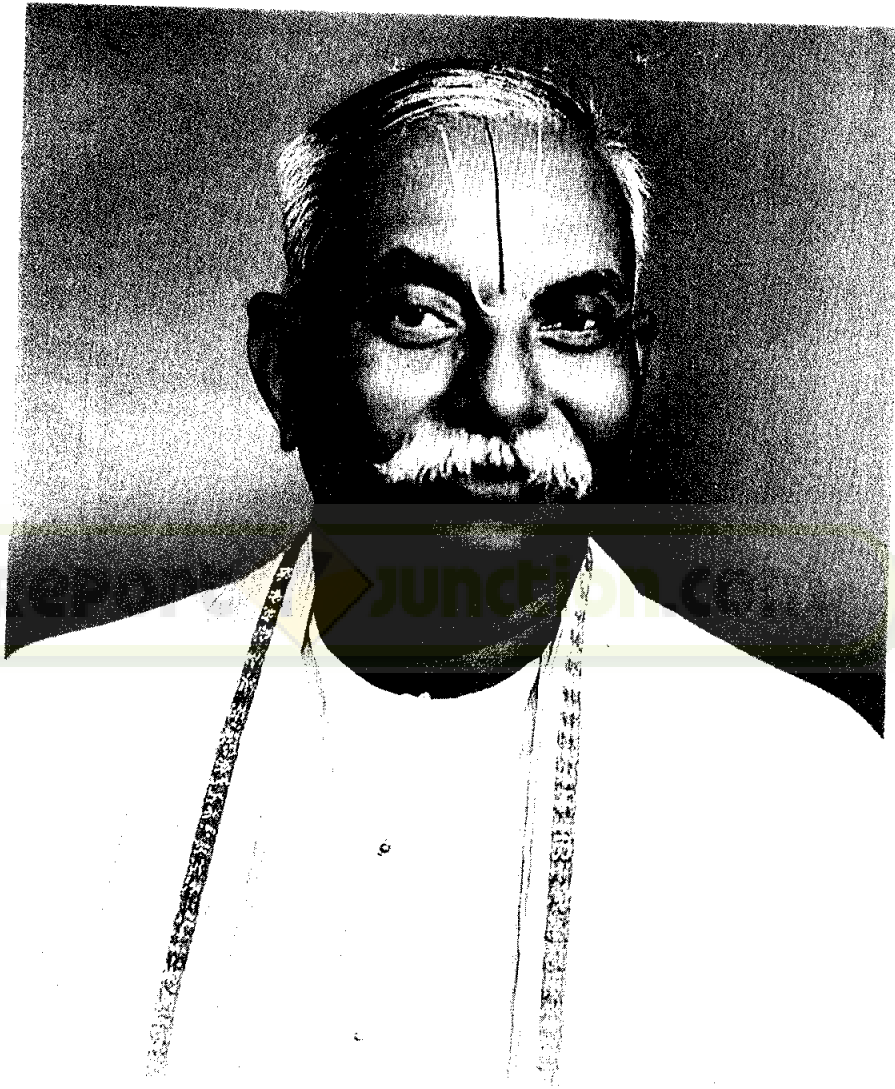
Our Chairman honouring Mr. Kiyoharu Ito, President, Unitika Textiles Ltd., Japan with a shawl and presenting a Memento during his visit to our Mills.

Mr. Kiyoharu Ito - President, Mr. Akinobu Hamano - Senior Director (Production), Mr. Hiroshi Takei - General Manager (Sales Department A) of Unitika Textiles Ltd., Japan and Mr. Shigeru Yoshida, Mitsubishi Corporation - Bombay inspecting raw cotton in the Blow Room of Rajapalaiyam Textiles.



Our Chairman and Mr. S. Murugan, A.F.M., with Executives of M/s. Doko Spinning Co. Ltd., Japan during their visit to Japan.

FOUNDER



SHRI P. C. RAMASAMY RAJA



RAJAPALAYAM MILLS LIMITED
RAJAPALAIYAM

BOARD OF DIRECTORS

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,
Chairman

Smt R. SUDARSANAM

Shri P.R. VENKETRAMA RAJA B. Tech., M.B.A.

Shri S.S. RAMACHANDRA RAJA, B.Sc.

Shri N.K. RAMASUWAMI RAJA

Dr. K.T. KRISHNAN, M.D., F.C.C.P.

Shri P. GURUSAMY CHETTIAR

Shri P.S. JAGANATHA RAJA

Shri N.R.K. VENKATESH RAJA, B.E.

Shri V.S. VEMBAN

BANKERS

STATE BANK OF INDIA

AUDITORS

M/s. M.S. JAGANNATHAN & N. KRISHNASWAMI
Chartered Accountants, Tiruchirapalli.

M/s. RAMAKRISHNA RAJA & Co.
Chartered Accountants, Madurai.

REGISTERED OFFICE

Rajapalayam Mills Premises,
P.B. No. 1, P.A.C. Ramasamy Raja Salai,
Rajapalaiyam.



RAJAPALAYAM MILLS LIMITED, RAJAPALAYAM

NOTICE

Notice is hereby given that the Sixty fifth Annual General Meeting of the Shareholders of the Company will be held at 10.00 A.M. on Friday, the 3rd August, 2001 at P.A.C.Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalaiyam to transact the following business.

1. To receive and adopt the Profit and Loss Account for the year ended 31-03-2001 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To declare Dividend for the year 2000-2001.
3. (a) To appoint a Director in place of Smt. R. Sudarsanam who retires by rotation and is eligible for re-appointment.
 (b) To appoint a Director in place of Dr. K.T. Krishnan who retires by rotation and is eligible for re-appointment.
 (c) To appoint a Director in place of Shri P.S. Jaganatha Raja who retires by rotation and is eligible for re-appointment.
 (d) To appoint a Director in place of Shri V.S. Vemban who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors,
 P.R. Ramasubrahmaneya Rajha,
 Chairman.

Rajapalaiyam
 25th May, 2001.

NOTE :

1. The Register of Members of the Company will be closed from 25th July, 2001 to 3rd August, 2001 (both days inclusive).
2. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company.
3. Pursuant to the provisions of the erstwhile sub section (5) of Section 205-A of the Companies Act, 1956 the dividends upto the financial year 1994-95 which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. The concerned shareholders are requested to claim the amount from the Registrar of Companies, Tamilnadu. In case any assistance is required, please write to the Company at its Registered Office. In accordance with the amended provision of Section 205-A(5), (amended by the companies (Amend), Ordinance, 1999) the unclaimed dividends pertaining to the years from 1995-96 would remain with the Company for a period of 7 years, upon expiry of which they will be transferred to a fund established by the Central Government called The Investor Education and Protection Fund.



DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting their Sixty fifth Annual Report on the working of the Company together with the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2001.

WORKING RESULTS :

The working for the year after charging all expenses but before providing interest and depreciation, had resulted in an operating profit of Rs. 29,36,71,136/-.

After charging Interest amounting to Rs. 5,40,74,201/- and providing Depreciation for Rs. 11,72,81,405/- the working had resulted in a Net Profit of Rs. 12,23,15,530/-. After taking into account a sum of Rs. 95,62,107/- being the surplus carried over from last year there is a balance of Rs. 13,18,77,637/-. Your Directors propose to appropriate the same as follows:

	Rs.
Donations	44,13,980
Contribution to P.A.C. Ramasamy Raja Memorial Fund	25,00,000
Provision for Taxation (SPT)	45,00,000
Proposed Dividend @ 36%	1,08,45,288
Tax on Dividend	11,06,220
Transfer to General Reserve	10,00,00,000
Balance Carried Over to Balance Sheet	85,12,149
TOTAL	13,18,77,637

TAXATION :

The Company is not liable to pay regular income tax because of higher income tax depreciation and other export incentive allowances. However, the company is liable to pay tax on book profit under the special provisions introduced by the Finance Act, 2000. This tax is not available for set-off in future years.

DIVIDEND :

Your Directors are pleased to recommend a dividend @ 36%. The dividend to be declared by the Company is tax free in the hands of the shareholders. However, the Company will be paying tax on this dividend.

TRADE CONDITIONS :

The raw material cost prevailed at reasonable level due to the judicious and timely purchase of Cotton during the year under review. There was increase in wages and other input costs. In spite of difficult market conditions coupled with higher cost of production, your company was able to achieve a better net profit for the year as compared to the last year on account of higher productivity and economy in expenditure.

SHRI RAMCO BIOTECH (RESEARCH & DEVELOPMENT)

As stated in last year report, your directors are glad to inform that our Tissue Culture Unit started commercial operation from May 2000. We have started exporting Tissue Culture Plantlets to various countries. Further extensive research work is also being carried out in our unit, the benefit of which will accrue in the coming years.



DIRECTORS' REPORT (Contd.)

MODERNISATION :

Under our modernization programme, the Company has added the following assets at a cost of Rs. 24 Crores with financial assistance from State Bank of India under Technology Upgradation Fund Scheme.

Imported

- 1 No. Rieter E62 Comber
- 1 No. Murata Cone Winding Machine 7 Vss with Monitron
- 1 No. Peter Wolters Cots Grinding for Ring Frame
- 2 Nos. Trumac Carding Machines
- 2 Nos. Hara High Speed Draw Frame Model DX 7A-LT
- 4 Nos. MAN B&W 900 KW HFO Gensets
- 4 Nos. MAN B&W 770 KW HFO Gensets

Indigenous

- 1 No. Lakshmi RSB 851 Draw Frame
- 1 No. Veejay Savio Cone Winder
- 7 Nos. Suessen Fiomax Elite Ring Spinning Frames

Your Directors are glad to inform that our 100% EOU, Rajapalayam Spintext has won First Prize in the world wide contest conducted by M/s. Zellweger Uster, Switzerland through internet and has been awarded UTR-4 (Uster Tensorapid), the latest generation of single yarn strength testing equipment worth Rs. 35 lakhs.

HFO POWER PLANT :

As indicated already in our last report, your Directors are glad to inform that the company has successfully commissioned 4 Nos. 900 KW & 4 Nos. 770 KW MAN B&W HFO based Gensets. As a result the power and fuel cost will be under control in the coming years. The HFO gensets produce consistent quality power which will improve productivity and yarn quality.

EXPORT :

On the export front during the year, we have exported Cotton Yarn for a value of Rs. 7.35 Crores from Rajapalayam Mills Limited and Rs. 51.72 Crores from our Export Oriented Units. The total exports during the year is Rs. 59.07 Crores, an increase of Rs. 8.68 Crores over the last year in respect of cotton yarn.

Shri Ramco Bio-Tech, our Tissue Culture Unit, has exported live plantlets for a value of Rs. 42.43 lakhs to U.K., Netherlands, France and U.S.A.

Your Directors are thankful to M/s. Mitsubishi Corporation, M/s. Doko Spinning Co. Ltd., M/s. Uniace Ltd and M/s. Unitika Ltd., Japan for their continued support and efforts for promotion of exports to Japan and other countries.

CURRENT YEAR PROSPECTS :

The Cotton prices during the current season are prevailing at high levels due to poor crop. Also, there is recessionary trend in the domestic as well as global market. To face the challenges internally and globally, your directors have taken cost reduction measures such as, buying cotton at competitive rates and implementing overall cost saving measures. Your directors are taking efforts to improve export sales from the domestic unit also. With these measures, your directors are hopeful of achieving satisfactory results.



DIRECTORS' REPORT (Contd.)

EMPLOYEES :

Your Directors regret to inform the sudden demise of the Company's Vice-President (Personnel) Shri S.N. Subramanian on 12th December, 2000 who has put in about five decades of valuable service to our Textile Division group companies. He has been responsible for the excellent and cordial relationship the company is having with the employees. Your Directors wish to place on record their appreciation for his valuable services rendered to the company during his tenure.

Further, Your Directors regret to inform the sudden demise of the Company's President Shri S.R. Rajagopalan on 24th January, 2001 who has put in about six decades of valuable service to our Textile Division group companies. He has been responsible for the vast growth of our Textile Division. Your Directors wish to place on record their appreciation for his valuable services rendered to the company during his tenure.

RETIREMENT OF DIRECTORS :

M/s. Industrial Development Bank of India, Chennai, has withdrawn their nominee Shri P. Nagaraju from our Board of Directors with effect from 10th April, 2001. The Board of Directors place on record the valuable services rendered by him.

The following Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

1. Smt R. Sudarsanam
2. Dr. K.T. Krishnan
3. Shri P.S. Jaganatha Raja
4. Shri V.S. Vemban

DIRECTOR'S RESPONSIBILITY STATEMENT :

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that –

1. In the preparation of Annual Accounts for the year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2001, and of the profit/loss of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

PUBLIC DEPOSIT :

No deposit that has become due for payment on or before 31st March 2001 remains unpaid.



DIRECTORS' REPORT (Contd.)

GENERAL :

The particulars of employees under section 217(2A) of the Companies Act, 1956 and the particulars required to be furnished under the Companies (Disclosure of Particulars in the Report & Board of Directors) Rules 1988 are annexed and form part of this report.

Your Directors are thankful to M/s. State Bank of India, M/s. IDBI Bank Ltd and M/s. ICICI Bank Ltd. for their continued financial support.

LISTING :

The Company's shares are listed with

M/s. Madras Stock Exchange Ltd.,
Exchange Building
P.B. No. 183, 11 Second Line Beach,
CHENNAI - 600 001.

The Company has paid listing fees to the Stock Exchange for the financial year 2001-2002.

AUDITORS :

M/s. M.S. Jagannathan & N. Kishnaswami, Chartered Accountants, Tiruchirapalli and M/s. Ramakrishna Raja And Co., Chartered Accountants, Madurai, Auditors of the Company retire and are eligible for re-appointment.

Rajapalayam,
25th May, 2001.

By Order of the Board,
P.R. Ramasubrahmaneya Rajha,
Chairman.





ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2001

Information pursuant to Section 217(2A) of the Companies Act, 1956 and Companies
(Particulars of Employees) Rules 1975.

Sl. No.	Name of Employee	Age	Designation/ Nature of Duties	Remuneration paid/ payable Rs.	Qualification & Experience (Years)	Date of Commence- ment of Employment	Last Employ- ment
1.	Shri S.R. Rajagopalan	77	President	16,68,839	Textile Technology (58 years)	18.06.1943	-
2.	Shri S.N. Subramanian	70	Vice-President (Personnel)	8,80,776	B.A., B.T., (46 years)	5.12.1954	-

Note:

1. Employed for a part of the financial year under review and were in receipt of remuneration for any part of that year at a rate which in the aggregate was more than Rs. 1,00,000/- per month.
2. Nature of Employment of the above employees are permanent.
3. Remuneration includes Salary, House Rent Allowance, Bonus, Leave Salary, Company's contribution to Provident Fund, Gratuity Fund and Superannuation Fund.
4. The above employees are not related to any Director of the Company.